

Message Text

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SUBJECT: PRESIDENT'S AMAZON TOUR AND PUBLIC STATEMENTS

REF: LIMA 10073, LIMA 10221

SUMMARY: PRESIDENT MORALES BERMUDEZ' SEVEN-DAY WORKING VISIT TO SEVERAL AMAZON TOWNS IN CONJUNCTION WITH HIS RECENT MEETING WITH BRAZILIAN PRESIDENT GEISEL PLUS HIS NOV. 9 PRESS CONFERENCE HAVE SERVED TO UNDERSCORE AND PUBLICIZE CURRENT GOP THINKING ON DOMESTIC ISSUES. END SUMMARY.

1. THE PRESIDENT VISITED IQUITOS, CAPITAL OF THE VAST LORETO DEPARTMENT, BOTH BEFORE AND AFTER THE NOVEMBER 5 "SUMMIT" WITH HIS BRAZILIAN COUNTERPART ERNESTO GEISEL (SEE REFTELS). ACCORDING TO A FOREIGN MINISTRY SOURCE, WAS RECEIVED IN IQUITOS BY SMALL, UNENTHUSIASTIC CROWDS, DESPITE IMPORTANT ANNOUNCEMENTS WHICH COULD HAVE SIGNIFICANT POLITICAL REPERCUSSIONS. OF IMMEDIATE CONCERN TO IQUITOS, MORALES BERMUDEZ ANNOUNCED THAT THE DEPARTMENTAL GOVERNMENT WILL RECEIVE A TEN PERCENT NOT ROYALTY ON THE VALUE OF ALL OIL PUMPED THROUGH THE NORTH PERUVIAN PIPELINE NOW IN THE FINAL PHASES OF CONSTRUCTION. HE ALSO ANNOUNCED

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THAT THE DUTY FREE IMPORTATION OF GOODS INTO IQUITOS WOULD BE

EXPANED.

2. OF WIDER INTEREST, THE PRESIDENT SAID IN AN IMPROMPTU REPLY TO SOMEONE WHO COMPLAINED ABOUT DO-NOTHING LOCAL OFFICIALS, THAT THE GOP IS CONSIDERING A PLAN TO ALLOW CITIES AND TOWNS TO ELECT THEIR OWN MUNICIPAL AUTHORITIES. IN A NOVEMBER 9 LIMA PRESS CONFERENCE ON HIS RETURN FROM THE AMAZON VISIT MORALES BERMUDEZ EXPANDED ON HIS IQUITOS ANNOUNCEMENT, REVEALING THAT THE GOP IS STUDYING A REVISION OF THE 1890 MUNICIPAL CODE TO ALLOW PEOPLE IN ALL REGIONS OF THE COUNTRY TO ELECT THEIR OWN LOCAL AUTHORITIES WITHIN THE NEAR FUTURE.

3. DURING THE AMAZON TOUR MORALES BERMUDEZ ALSO MADE AN EXTENSIVE VISIT TO THE INSTALLATIONS OF THE TRANS-ANDEAN OIL PIPELINE. HE PRAISED THE HEROIC EFFORTS OF THE CONSTRUCTION CREWS WORKING IN THE AMAZON JUNGLE AND THE IMPORTANCE OF THEIR WORK FOR THE FUTURE INTEGRATION OF THIS REGION WITH THE REST OF PERU. ONCE BACK IN LIMA, HE ANNOUNCED THAT THE PIPELINE WOULD BY PUMPING BETWEEN 40,000 AND 50,000 BARRELS PER DAY BY MID-1977. WITH THE COMPLETION OF THE OCCIDENTAL SPUR, FINANCING FOR WHICH IS NOW BEING WRAPPED UP, HE SAID PRODUCTION WILL RISE TO 100,000 BARRELS, WHICH HE MAINTAINED WOULD BE ENOUGH TO SATISFY PERU'S PROJECTED INTERNAL NEEDS.

4. DURING THE LIMA PRESS CONFERENCE ON NOVEMBER 9 MORALES BERMUDEZ UNDERScoreD ANOTHER CURRENT GOP THEME, THE NEED TO ENCOURAGE PRIVE INVESTMENT. HE RECOGNIZED THAT, UNDER CONDITIONS PREVAILING UNTIL VERY RECENTLY, PRIVATE CAPITAL HAD NO INCENTIVE TO INVEST IN PERU, BUT EXPRESSED THE OPINION THAT INVESTMENT, FAITH IN PERU IS NOW BEGINNING TO RECOVER. HE ANNOUNCED THAT A MODIFICATION OF THE "PERUVIAN MODEL CONTRACT" FOR OIL EXPLORATION IS UNDER CONSIDERATION IN ORDER TO ATTRACT FOREIGN CAPITAL TO THESE HIGH RISK UNDERTAKINGS AND THUS EXPAND PERU'S RESERVES IN THE JUNGLE AND ON THE CONTINENTAL SHELF. HE CATEGORICALLY DENIED THAT SUCH A MODIFICATION OF PETROLEUM POLICY WOULD BE A CONVEYANCE OF PERUVIAN SOVEREIGNTY TO FOREIGN INTERESTS. TO SUGGEST SUCH A THING, HE SAID IS "UNPATRIOTIC",

5. IN RESPONSE TO A FOREIGN JOURNALIST'S QUESTION ON FREEDOM LIMITED OFFICIAL USE

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OF EXPRESSION IN PERU, MORALES BERMUDEZ JUSTIFIED THE CLOSURE OF THE INDEPENDENT MAGAZINES IN JULY BY SAYING THAT, AT A TIME OF ECONOMIC CRISIS, DEMAGOGIC AND ILL-DISPOSED PRESS REPORTING HAS AN UNDULY GREAT IMPACT ON THE RELATIVELY UNSOPHISTICATED PERUVIAN READING PUBLIC AND DOES NOT CONTRIBUTE CONSTRUCTIVELY TO THE REVOLUTIONARY PROCESS. HE EMPHASIZED THE DIFFERENCE BETWEEN FREEDOM OF THE PRESS IN AN ECONOMICALLY ADVANCED COUNTRY LIKE THE U.S., AND IN A COUNTRY LIKE PERU WHICH IS STRUGGLING

TO ACHIEVE DEVELOPMENT. IN AN ASIDE, HE ADDED THAT THE U.S. PRESS IS NOT AS FREE AS IS GENERALLY SPPOSED.

6. FINALLY, MORALES BERMUDEZ POINTED TO HIS MEETING WITH PRESIDENT GEISEL AND HIS UP-COMING TRIP TO CARACAS AS A PART OF PERU'S EMPHASIS, PURSUANT TO HIS MARCH 31 SPEECH, ON IMPROVING TIES WITH LATIN AMERICAN NEIGHBORS.

7. COMMENT: TAKEN AS A WHOLE, MORALES BERMUDEZ' STATEMENTS ARE AN AUTHORITATIVE RECAPITULATION OF SOME CURRENT GOP POLICIES. THE NEW REFERENCE TO POSSIBLE MUNICIPAL ELECTIONS IS PARTICULARLY INTERESTING, SINCE A GOP MOVE IN THIS DIRECTION HAS LONG BEEN A SUBJECT OF SPECULATION (OR WISHFUL THINKING) BY APRA AND OTHER CIVILIAN GROUPS HERE.
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